

# HOW PRESCRIPTION ADVANTAGE WORKS WITH THE MEDICARE PRESCRIPTION DRUG COVERAGE (Part D) IN 2008

Effective 1/1/08

## Overview

Prescription Advantage, the Massachusetts state pharmaceutical assistance program (SPAP), works together with the Medicare prescription drug coverage to lower prescription drug costs for individuals enrolled in Medicare.

For members with Medicare:

- The prescription drug coverage provided through **Medicare is the primary drug insurance for Prescription Advantage members**.
- Prescription Advantage is a secondary payer providing financial assistance to supplement Medicare coverage. Prescription Advantage “wraps around” Medicare prescription drug coverage by helping to pay for monthly plan premiums, co-payments and other gaps in Medicare coverage, such as the “donut hole”.
- Prescription Advantage reduces the amount of money paid for prescriptions by providing an out-of-pocket spending limit for members. Once this limit is reached, Prescription Advantage will cover prescription drug co-payments for the remainder of the plan year.
- Prescription Advantage **requires** Medicare-eligible members to be enrolled in a Medicare prescription drug plan or a creditable coverage plan, (coverage that is equal to or better than Medicare prescription drug coverage) to receive assistance. Members enrolled in creditable coverage plans will only receive assistance with prescription drug co-payments.
- Prescription Advantage **requires** lower-income members to apply for the Medicare low income subsidy (also known as “Extra Help from Medicare”). Members who do not apply will not be eligible to continue receiving assistance from Prescription Advantage.

## Financial Assistance for Medicare Drug Coverage from Prescription Advantage.

Prescription Advantage provides supplemental financial assistance to members based on the member’s income and the assistance they receive from Medicare.

### ***Membership Category S0: Members with “Full Extra Help” from Medicare***

Medicare-eligible members with annual incomes of \$13,784 or less for a single person or \$18,482 or less for a married couple **and** with limited assets can be approved for “full extra help” (also called the full low income subsidy) from

Medicare by applying to the Social Security Administration. Members who meet these requirements and are approved for full “extra help” will pay no premiums for **basic** Medicare prescription drug plans that have premiums at or below the benchmark level established by Medicare (for 2008, the regional benchmark in Massachusetts is \$29.17 per month). These individuals will **not** have to pay deductibles and will **not** have a coverage gap (“donut hole”). Their co-payments will be \$2.25 or \$5.60 per prescription. Prescription Advantage members who are approved for the **full low income subsidy** will not need financial assistance from Prescription Advantage since they will pay less for their benefits under Medicare than they currently do under Prescription Advantage. However, Prescription Advantage, as part of providing supplemental financial assistance to its members will pay for the cost of benzodiazepines (a category of drugs which is excluded from Medicare coverage).

***Membership Category S1: Members with Partial “Extra Help” from Medicare***

Members in this income category with annual incomes of \$15,315 or less for a single person or \$20,535 or less for married couple who are approved for partial “extra help” from Medicare will be charged sliding-scale premiums and deductibles.

- **Premiums** - Prescription Advantage will pay the premiums for Medicare **basic** drug plans for members in this category (up to the \$29.17 per month regional benchmark); members will pay any additional premium if they choose an enhanced or higher cost plan. There will be no separate premium for Prescription Advantage membership.
- **Co-payments** - If the member’s Medicare drug plan co-payments are higher than the Prescription Advantage co-payment limits of \$7 for generic drugs or \$18 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this co-payment coverage will begin with the first Medicare prescription and will continue, including through the Medicare coverage gap, until the member’s out-of-pocket limit is reached.
- **Out-of-Pocket Limit** - Members’ out-of-pocket expenses will be capped. Members receiving the partial low income subsidy from Medicare will pay no more than \$1,380 out-of-pocket in calendar year 2008 while they are enrolled in Prescription Advantage.

***Membership Category S2: Members with Incomes Below 188% Federal Poverty Level (FPL) (\$19,195 single; \$25,737 married couple) who don’t qualify for the low income subsidy from Medicare***

Members in this income category who do not qualify for any “extra help” from Medicare will be responsible for the full premiums and deductibles charged by their Medicare prescription drug plan as well as having the standard Medicare coverage gap. Accordingly, Prescription Advantage will provide supplemental

financial assistance with premiums, co-payments and deductibles for members in this income category:

- **Premiums** - Prescription Advantage will pay the premiums for Medicare **basic** drug plans for members in this category (up to the \$ 29.17 per month regional benchmark); members will pay any additional premium if they choose an enhanced or higher cost plan. There will be no separate premium for Prescription Advantage membership.
- **Co-payments** - If the member's Medicare drug plan co-payments are higher than the Prescription Advantage co-payment limits of \$7 for generic drugs or \$18 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this co-payment coverage will begin with the first Medicare prescription and will continue, including through the Medicare coverage gap, until the member's out-of-pocket limit is reached.
- **Out-of-Pocket Limit** - Members' out-of-pocket expenses will be capped. Members with incomes up to 188% FPL who don't qualify for the low income subsidy from Medicare will pay no more than \$1,535 out-of-pocket in calendar year 2008 while they are enrolled in Prescription Advantage.

***Membership Category S3: Members with Incomes from 188 % FPL to below 225% FPL (\$19,196 - \$22,973 single; \$25,738 - \$30,803 married couple)***

- **Premiums** - Prescription Advantage will pay a portion of the Medicare drug plan premiums for members with incomes in this category. These members will pay the first \$20 of the Medicare premium; Prescription Advantage will pay any additional amount toward the premiums for Medicare **basic** drug plans for members in this category (up to the \$29.17 per month regional benchmark). Members will pay any additional premium if they choose an enhanced or higher cost plan. There will be no separate premium for Prescription Advantage membership.
- **Co-payments** - If the member's Medicare drug plan co-payments are higher than the Prescription Advantage co-payment limits of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the difference. Prescription Advantage will not impose a deductible, so this co-payment coverage will begin with the first Medicare prescription and will continue until the member's out-of-pocket limit is reached.
- **Out of Pocket Limit** - Members' out-of-pocket expenses will be capped. Members with incomes between 188% and 225% FPL will pay no more than \$1,920 out-of-pocket in calendar year 2008 while they are enrolled in Prescription Advantage.

***Membership Category S4: Members with Incomes from 225 % FPL to below 300% FPL (\$22,974 - \$30,630 single; \$30,804 - \$41,070 married couple)***

- **Premiums** - Prescription Advantage will not provide any financial assistance with Medicare drug plan premiums for members in this income category. There will be no separate premium for Prescription Advantage membership.
- **Co-payments** - If the member's Medicare drug plan co-payments are higher than the Prescription Advantage co-payment limits of \$12 for generic drugs or \$30 for brand-name drugs for a 30-day supply, Prescription Advantage will pay the additional amount. Prescription Advantage will not impose a deductible, so this co-payment coverage will begin with the first Medicare prescription and will continue, including in through the Medicare coverage gap, until the member's out-of-pocket limit is reached.
- **Out-of-Pocket Limit** - Members' out-of-pocket expenses will be capped. Members with incomes in this category will pay no more than \$2, 295 out-of-pocket in calendar year 2008 while they are enrolled in Prescription Advantage.

***Membership Category S5: Members with Incomes between 300% FPL and 500% FPL (\$30,631 - \$51,050 single; \$41,071 - \$68,450 married couple)***

Prescription Advantage assistance will begin when members have accumulated \$3,065 in out-of-pocket costs in calendar year 2008 while they are enrolled in Prescription Advantage. These members will be charged a \$200 annual enrollment fee in exchange for this cap on catastrophic drug costs .

**Drugs Not Covered by the Medicare Drug Plan**

Prescription Advantage will cover a one-time, 72-hour supply of any medication that cannot be billed to a member's Medicare Part D drug plan or is rejected by the plan.

Other than this 1-time supply, Prescription Advantage will provide financial assistance only for drugs that are covered by a member's Medicare drug plan. Members are allowed to request coverage from their Medicare drug plan plans for non-formulary drugs, and to appeal if these requests are denied. Once a member's prescription is covered by his or her Medicare drug plan, Prescription Advantage will provide supplemental coverage for it.

Prescription Advantage will pay for the cost of benzodiazepines (a category of drugs which is excluded from Medicare coverage) that is above the applicable Prescription Advantage co-payment limit for Prescription Advantage members. Prescription Advantage will **not** cover other drugs excluded from Medicare coverage, such as barbiturates, over-the-counter drugs and drugs prescribed for erectile dysfunction.

**Resources for Prescription Advantage Members and Other Medicare Beneficiaries**

**Prescription Advantage Customer Service:** 1-800-243-4636, press 1;

TTY: 1-800-610-0241

[www.800ageinfo.com](http://www.800ageinfo.com)

**SHINE** – Serving Health Information Needs of Elders: 1 -800-243-4636, press 2

TTY: 1-800-872-0166

[www.mass.gov/elders](http://www.mass.gov/elders)

**MassMedLine:** 1-866-633-1617; TTY/TDD users should ask the operator to call the MassMedLine toll-free number

[www.massmedline.com](http://www.massmedline.com)

**Medicare:** 1-800-MEDICARE (1-800-633-4227) TTY: 1-877-486-2048

TTY: 1-877-486-2048

[www.medicare.gov](http://www.medicare.gov).